NORTHERN AND CENTRAL GAS CORPORATION LIMITED
ANNUAL REPORT 1968


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To the Shareholders (continued)

The liquefied natural gas (LNG) peak-shaving plant under construction near Sudbury, in Northern Ontario, will be completed in August and will be available to meet peak loads during the coming winter. A contract has been signed for the construction of a second LNG plant, to be built in the Montreal area and to be completed during the summer of 1969. The Montreal plant will have almost twice the capacity of the LNG plant in the Sudbury area. Through improved load balance and better utilization of contracted demand gas, these facilities will permit the Company to maximize revenue in relation to cost of gas. This will result in a substantial contribution to earnings.

The extensive capital construction program for 1968 for the companies in the Northern and Central group is on schedule and within budget.

A $25 million issue of 8% first mortgage bonds was sold on the Canadian market in July. The issue consisted of $5 million in serial bonds and the remainder in 21-year sinking fund bonds.

The United States Federal Power Commission was recently instructed by an appeal court to reconsider approvals granted to the Great Lakes Gas Transmission project. However, all possible action is being taken to complete this project on schedule and Northern and Central expects to receive initial deliveries of gas, under the Great Lakes' contracts, on November 1, 1968.

These deliveries will assure additional supplies of gas necessary to meet the increased requirements of the Montreal market and will make natural gas available to your Company's Sault Ste. Marie distribution system, presently operated on propane-air.

The first six months of 1968 have been most satisfactory. It is expected that the latter half of the year will continue the trend already established.

C. SPENCER CLARK
Chairman of the Board

E. C. BOVEY
President

July 26, 1968

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NORTHERN AND CENTRAL GAS CORPORATION LIMITED
4600 Toronto-Dominion Centre, Toronto 1, Ontario

OPERATING SUBSIDIARIES:

ALBERTA

Canadian Industrial Gas & Oil Ltd.
640 Eighth Avenue, S.W., Calgary.

MANITOBA

Greater Winnipeg Gas Company
265 Notre Dame Avenue, Winnipeg 2.

ONTARIO

Ontario Division, Northern and Central Gas Corporation Limited
4600 Toronto-Dominion Centre, Toronto 1.

Champion Pipe Line Corporation Limited
4600 Toronto-Dominion Centre, Toronto 1.

QUEBEC

Gaz du Québec, Inc.
710 Place d'Youville, Québec.

Quebec Natural Gas Corporation
1717 du Havre St., Montreal 3.

Le Gaz Provincial du Nord de Québec Ltée
9 est rue Perreault, Rouyn.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS (UNAUDITED)
for the six months ended June 30, 1968
(thousands of dollars)

Source of Funds	
From operations	
Net income	$10,602
Charges not requiring funds (depreciation, depletion, amortization and provision for minority interests)	8,024
	18,626
Increase in long-term debt (net)	10,497
Issue of common shares	217
	29,340
Application of Funds	
Additions to property, plant and equipment (net)	18,760
Dividends on common shares	2,573
Dividends on preference shares	1,993
Preference shares purchased for redemption	310
Mortgages receivable	1,884
Others items (net)	193
	25,713
Increase in Working Capital	$ 3,627

AN INTEGRATED ENERGY AND RESOURCES COMPANY

Printed in Canada

NORTHERN AND CENTRAL GAS CORPORATION LIMITED

INTERIM REPORT

June 30, 1968

NORTHERN AND CENTRAL GAS CORPORATION LIMITED

COMBINED STATEMENT OF INCOME (UNAUDITED)
(thousands of dollars)

	12 Months Ended		6 Months Ended	
	June 30 1968	June 30, 1967	June 30, 1968	June 30, 1967
Revenue				
Sales and other income	$131,974	$121,952	$74,742	$68,628
Expenses				
Operations and maintenance	86,436	81,680	44,984	42,616
Depreciation, depletion and amortization	11,015	9,620	5,712	5,096
Taxes, other than income taxes	3,478	3,032	1,859	1,676
Interest	13,020	10,927	6,876	5,671
Amortization of debt and capital stock expense	534	406	319	206
	114,483	105,665	59,750	55,265
Income before the following	17,491	16,287	14,992	13,363
Provision for income taxes	1,266	2,078	2,398	2,430
Provision for minority interests				
Preference dividends of subsidiaries	1,170	1,172	583	586
Common share earnings of subsidiaries	1,450	792	1,409	909
	3,886	4,042	4,390	3,925
Net Income	$ 13,605	$ 12,245	$10,602	$ 9,438
Dividends on Preference Shares	$ 2,827	$ 2,852	$ 1,410	$ 1,422
Earnings available for Common Shares	$ 10,778	$ 9,393	$ 9,192	$ 8,016
Earnings per Common Share	$ .94	$ .82	$ .80	$ .70

Notes:

1. The above statement combines the operating results of Northern and Central Gas Corporation Limited and all its subsidiaries on the basis that the acquisition and amalgamation of companies, which took place during the periods reported above, had been effected at the commencement of such periods.
2. The companies follow the policy of providing for income taxes on the basis of taxes paid or payable.

To the Shareholders:

The first six months of 1968 have recorded excellent progress for your Company. Earnings per common share were 80¢, compared to 70¢ in the similar period in 1967, an increase of 14%. Operating revenues were $74,742,000, an increase of 9% over the first six months of 1967.

On a 12-month basis, ended June 30, 1968, earnings were 94¢ and revenues were $131,974,000, compared to earnings of 82¢ and revenues of $121,952,000 for the 12 months ended June 30, 1967. These results are presented on a pro-forma basis and assume that the Company's 65% interest in Quebec Natural Gas Corporation applied during the entire six- and 12-month periods of 1967.

Each of the companies in the Northern and Central group have made significant gains during the period. Quebec Natural Gas is meeting objectives in load and customer acquisition and in reducing costs. An important contribution to the earnings of your Company is expected this year from Quebec Natural Gas.

The six-month results of Canadian Industrial Gas & Oil Ltd. have been good. Oil production was improved and industrial gas sales were as forecast. CIGOL's propane deliveries continue to increase, especially in the Pacific Northwest.

An extensive drilling program this year on CIGOL's mining property in Anglesey, North Wales, has indicated the presence of zinc, lead and silver ores. Exploratory drilling continues on this anomaly, as well as in the previously defined copper area.

Gaz du Québec, Inc. was recently incorporated as a wholly owned subsidiary of your Company for the purpose of being the primary company for the distribution of natural gas in the Province of Quebec. Northern and Central's interest in Quebec Natural Gas Corporation is now owned by Gaz du Québec as is the propane-air distribution system in Sherbrooke, Quebec, and the natural gas facilities of Trois Rivières, recently purchased from Laduboro Oil Ltd., and which serves several industrial customers in that area. Further extension of natural gas service in the Province of Quebec will be done by this new company.

Results in Brief

		1968	1967 (1)
Earnings per common share		$ 1.01	$ .84
Net income		$ 14,378,000	$ 12,441,000
Earnings available for common shares		$ 11,562,000	$ 9,602,000
Dividends paid on common shares		$ 5,435,000	$ 4,431,000
Dividend rate per common share		50¢	40¢
Total revenues		$136,931,000	$125,860,000
Property, plant and equipment		$422,163,000	$375,434,000
Common shares outstanding at year-end		11,494,345	11,430,586
Reserves	oil (barrels)	45,158,000	43,826,000
	gas (MCF)	595,800,000	590,000,000
Oil and gas properties	gross acres	10,994,464	8,411,515
	net acres	5,846,223	2,802,253

(1) On the basis that Quebec Natural Gas Corporation had been acquired on January 1, 1967

Contents

The liquefied natural gas plant at Hagar, in Northeastern Ontario, was completed in September, 1968. The plant, with a capacity equivalent to 600 million cubic feet of gas, will provide important economies through improved load balance for the Ontario Division of Northern and Central.

DIRECTORS

E. Ryckman Alexander, *Vice-Chairman of the Board,*
Quebec Natural Gas Corporation,
Montreal, Quebec.

*Edmund C. Bovey, *President and Chief Executive Officer,*
Northern and Central Gas Corporation Limited, Toronto, Ontario.

John D. Bryce, *President,*
Macassa Gold Mines Limited,
Toronto, Ontario.

*C. Spencer Clark, *Chairman of the Board,*
Northern and Central Gas Corporation Limited, Toronto, Ontario.

Robert B. Craddock, *Chairman of the Board and Chief Executive Officer,*
Quebec Natural Gas Corporation,
Montreal, Quebec.

*Peter D. Curry, *President,*
Peter D. Curry & Co. Ltd.,
Winnipeg, Manitoba.

M. Clifford Deans, *Chairman of the Board,*
Bankers Bond Corporation Limited,
Toronto, Ontario.

Paul G. Desmarais, *Chairman of the Board and Chief Executive Officer,*
Power Corporation of Canada, Limited,
Montreal, Quebec.

*Edward A. Galvin, *President,*
Canadian Industrial Gas & Oil Ltd.,
Calgary, Alberta.

A. Searle Leach, *Chairman of the Board,*
Federal Grain Limited,
Winnipeg, Manitoba.

V. Theodore Low, *Partner,*
Bear, Stearns & Co.,
New York, N.Y.

*Harold C. F. Mockridge, Q.C., *Partner,*
Osler, Hoskin & Harcourt,
Toronto, Ontario.

Blancke Noyes, *Partner,*
Hornblower & Weeks-Hemphill, Noyes,
New York, N.Y.

Theodore O. Peterson, *Chairman of the Board,*
The Investors Group,
Winnipeg, Manitoba.

Peter N. Thomson, *Deputy Chairman of the Board,*
Power Corporation of Canada, Limited,
Montreal, Quebec.

*William I. M. Turner, Jr., *President,*
Power Corporation of Canada, Limited,
Montreal, Quebec.

John R. Yarnell, *Vice-President, Packaging,*
Consolidated-Bathurst Limited,
Montreal, Quebec.

*Member of Executive Committee

OFFICERS

Head Office

C. Spencer Clark, *Chairman of the Board*

Edmund C. Bovey, *President and Chief Executive Officer*

Donald G. Clark, *Executive Vice-President*

Adolph M. Hove, *Senior Vice-President, Planning and Development*

Harold E. Andrews, *Vice-President, Finance*

W. Ralph Howard, *Vice-President, Legal and Secretary*

Timothy G. Sheeres, *Vice-President and Treasurer*

Alick S. G. Duguid, *Vice-President, Management Services*

John L. L. Orbach, *Vice-President, Overseas*

Peter F. Scully, *Assistant Secretary*

Mart Pedel, *Assistant Treasurer*

Divisions

Ontario—Jean-J. Leroux
Executive Vice-President, Ontario

F. Irving Yewman
Vice-President and General Manager, Ontario

Manitoba—Arthur R. Elliott
Senior Vice-President, Winnipeg
President, Greater Winnipeg Gas Company

Quebec—Robert B. Craddock
Senior Vice-President, Quebec
Chairman of the Board and Chief Executive Officer
Quebec Natural Gas Corporation

Alberta—Edward A. Galvin
Executive Vice-President, Production
President, Canadian Industrial Gas & Oil Ltd.

Report to Shareholders

Revenues, earnings and dividends of the Company reached new highs in 1968. Revenues increased 9% to $136,931,000 and earnings per common share increased 20% to $1.01 from 84¢ in 1967. Dividends on common shares were raised from 40¢ to 50¢ per share on an annual basis, commencing with the dividend paid on June 1, 1968. Gas sales were up 6.4% to 148,899,339 MCF (thousand cubic feet). The utility companies now serve 392,915 customers.

Results for Quebec Natural Gas Corporation were particularly outstanding with earnings increasing to 97¢ per common share from 24¢ in the previous year. Planning continues for the extension of natural gas service into areas of the Province east of Montreal by the Company's wholly-owned subsidiary, Gaz du Québec, Inc.

The Ontario Division increased revenues by 9.8% over the previous year to $45,636,000 and net income by 4.2% to $4,063,000.

Reduced gas rates, ordered by the Public Utilities Board of Manitoba, have been charged by Greater Winnipeg Gas Company since September 1, 1968. The application of these new rates for the full year 1969 will save Winnipeg customers approximately $1,000,000 in gas costs and will reduce company earnings by $500,000. However, as in the latter part of 1968, this reduction in earnings is expected to be more than offset by improved earnings of the other operating companies. As a result, the consolidated earnings of Northern and Central are expected to show a satisfactory rate of increase over 1968.

Canadian Industrial Gas & Oil Ltd. (CIGOL) increased oil production 5% to 2,918,900 barrels and gas production 12% to 28,784,600 MCF. Oil reserves, including Prairie Oil Royalties Company, Ltd., increased to 45,158,000 bbls. and gas reserves to 595,800,000 MCF. Northern and Central sold 500,000 common shares of CIGOL in 1968, which resulted in a credit to retained earnings of $6,594,000 and reduced its holdings to approximately 80% of the outstanding common shares. The sale was made to provide a wider public participation in the growth potential of CIGOL.

The Company's gas supply presently under contract totals 526,375 MCF per day. This volume, which includes the purchase of an additional 76,485 MCF per day during 1968, is considered to be fully adequate to meet present requirements. Contracts for further quantities of gas will be negotiated as required to supply growing markets. The completion of the Great Lakes Gas Transmission project on November 1, 1968, made possible the conversion of the Company's Sault Ste. Marie distribution system to natural gas from propane-air.

The Company sold $25,000,000 of 8% first mortgage bonds publicly in Canada on August 1, 1968. Negotiations are now being finalized for the private placement in the United States of $46,000,000 (U.S.) of 8½% first mortgage bonds, of which amount $22,500,000 is expected to be issued in June, 1969, and $23,500,000 in January, 1970. These funds, along with the Company's normal bank credit and short-term borrowings, will meet capital requirements for 1969. No further issue of Company securities is contemplated in the present year.

Major organizational changes during the year included additional emphasis on the planning and development department, now under a senior vice-president, the further placement of senior head office personnel in key positions in the operating companies and the reduction of some staff services. This reorganization of personnel strengthened line management and reduced costs. An improved management information system was introduced to provide a more rapid and effective control of operating results.

During the year, Mr. Paul G. Desmarais was appointed to the board of directors.

The contribution made by all officers and employees in the past year is acknowledged with sincere thanks and the continued interest and support of the shareholders is appreciated by the directors and management. It is expected that 1969 will be another outstanding year of progress for the Company.

C. Spencer Clark

C. Spencer Clark
Chairman of the Board
February 28, 1969.

Edmund C. Bovey
President and
Chief Executive Officer

The following operating report provides further details of the progress of the companies in the Northern and Central group in 1968.

Gaz du Québec, Inc.

Gaz du Québec, Inc., a wholly-owned subsidiary of Northern and Central with head office in the City of Quebec, was incorporated on June 22, 1967, for the purpose of being the operating company in the distribution of natural gas in the Province of Quebec. Northern and Central's interest in Quebec Natural Gas Corporation is now owned by Gaz du Québec, as is the propane-air distribution system in Sherbrooke and the natural gas facilities at Trois Rivières, recently purchased from Laduboro Oil Ltd. These latter facilities serve industrial customers in that area.

Further expansion of natural gas service in Quebec will be by this new company.

Quebec Natural Gas Corporation

An accelerated marketing policy and capital expansion program, organization changes and an increase in gas rates effective January 1, 1968, resulted in Quebec Natural Gas Corporation attaining a net income of $4,407,000 in 1968, compared to $1,777,000 in 1967. Total volume of gas sold was 40,675,243 MCF, with a new record daily send-out of 176,122 MCF.

Gas appliances connected during 1968 totalled 37,501, up 72% from the year before. Residential gas sales increased 7.7%, commercial 4.3% and industrial firm service by 33.7%. Interruptible sales to industrial customers increased 68.4% over 1967 and the three principal universities in Montreal became gas customers during the year.

Capital expenditures for 1968 were $25,994,000. The high-pressure system was extended to Ste. Thérèse and Lorraine, the rapidly growing area of the new General Motors of Canada, Ltd. plant.

Improvement of the distribution system was a major project of the past year. This included the re-design of the system and the installation of large-diameter steel feeder mains in critical areas which improved the operating capacity of the existing cast iron mains.

Significant cost reductions were obtained by the adoption of new engineering and construction standards for the installation of mains and services. Costs were also lowered by closer liaison with municipal authorities and improved co-ordination of work in public thoroughfares.

A detailed analysis of the existing distribution system was prepared in 1968, using computerized programs. This information provides an accurate analysis of the flow pattern necessary to determine the most effective location of additional feeder mains

Distribution system planning on a continuous 5-year program ensures orderly development of plant to meet forecasts of market penetration and customer acquisition.

Nerve-centre of gas distribution is the dispatcher. Skill in load-balancing is essential to successful operation.

and regulator stations. The analysis also provides essential information on operating pressures under various load and temperature conditions.

Also of vital importance was the introduction of a comprehensive maintenance program for the distribution system. The high degree of efficiency with which the system was maintained during the year firmly indicates the technical competence of the staff responsible for this work.

The daily contracted demand of Quebec Natural Gas Corporation was increased by 32,500 MCF during the latter part of 1968 to a total of 144,500 MCF per day. A further planned increase in November, 1969, will bring the total contracted daily demand to 160,000 MCF. These additional supplies of gas will provide for the expanding Montreal market.

Construction of a large liquefied natural gas plant in Montreal area is on schedule. The plant will have a storage capacity, in liquid form, equivalent to one billion cubic feet of gas and is expected to be available for service in the 1969-70 heating season. When fully operational, the plant will provide large volumes of peak-shaving gas and will be an alternate source of supply for the Montreal area in the event of a temporary interruption of service.

The outlook for 1969 is promising. There will be further penetration of market with a substantial increase in sales volume and a further improvement in earnings.

Ontario Division

Aggressive marketing in 1968 obtained 4,242 new customers for the Ontario system and the Division acquired as customers 80% of all new residential housing built on main. New major industrial customers obtained were: Canada Foils, Limited, Bracebridge; the Canadian Forces Base at Trenton; Allied Chemical Canada, Ltd., Falconbridge; Mathieu Lumber Limited, Atikokan; Kraft Foods Limited at Ingleside and the Murray Mine of The International Nickel Company of Canada, Limited, near Sudbury.

Present industrial customers contracted for a total of 4,100 MCF per day of additional firm gas in 1968. In February of this year, a contract was concluded with The Algoma Steel Corporation, Ltd., at Sault Ste. Marie, for 10,000,000 cubic feet of gas per day, beginning in 1969, and increasing to 22,000,000 cubic feet per day in 1971.

The liquefied natural gas plant at Hagar was completed and officially opened in September. This plant will provide peak-shaving gas in 1969 and will make possible important economies in future gas costs. To further assist in load balance, a dispatch computer was installed at North Bay. This facility makes possible maximum profitability in the dispatch of large-volume interruptible sales in the area. With these facilities available, the Division maintained an average load factor of 92.3% during the year.

A new business and district operations building was constructed in Cornwall to

meet the rapidly developing market in that area. Although the Division added to its service area and operations with the acquisition of the Sault Ste. Marie system and the Hagar LNG plant, the total number of employees at year-end was 417, compared to 433 for the same date in 1967.

Greater Winnipeg Gas Company

Revenue for the year was $24,570,000 compared to $23,875,000 in 1967. Net income totalled $2,777,000, compared to $3,060,000 in 1967. The reduction of income was caused by the rate decrease previously mentioned in this report and by the weather, which was 6% warmer in 1968 than in 1967.

Greater Winnipeg Gas now serves 98,775 customers in the Metro Winnipeg, Selkirk and Gimli areas and was successful in obtaining 98% of all new residential construction built in the area in 1968. Major industrial customers added during the year include the Calvert of Canada Limited distillery at Gimli and the Air Canada cargo terminal at Winnipeg.

The communities of Gimli and Winnipeg Beach were added to the system in 1968 and construction was begun on a new customer service, engineering and construction building in Winnipeg. This building, of advanced design, replaces a 70-year-old structure and will do much to improve the efficiency and economy of essential services. The new facility, which was occupied in January of this year, is a total energy building with all electrical power, heating and air conditioning produced by natural gas.

The capacity of the Greater Winnipeg Gas propane peak-shaving plant was increased by the addition of a 2,250 h.p. gas turbine compressor which increased the capacity of the plant by 75%.

Canadian Industrial Gas & Oil Ltd.

Increases in all segments of Canadian Industrial Gas & Oil Ltd. operations resulted in gross income of $23,559,000, up 8% from $21,788,000 in 1967. Net income increased 6% to $6,536,000 and, of significance, cash flow was up 13% to $10,680,000.

Industrial gas sales increased 5.5% to 37,647,000 MCF and additional gas transmission facilities were provided to the system. The St. Albert gas processing plant was expanded to produce propane and butane. This new facility began operations in December, 1968, and added 15,900 gallons daily to plant production.

Cigas Products Ltd., CIGOL's wholly-owned liquefied petroleum gas marketing subsidiary, increased its propane and butane sales by 1,700,000 gallons over the previous year. As new gas processing plants have increased the availability of product, no supply problems are expected in the 1969-70 heating season.

CIGOL increased exploration activities in 1968 and will continue to do so in 1969. The company acquired oil and gas acreage on the Alaskan North Slope, the Beaufort Sea off the Mackenzie Delta and in Hudson's Bay. Additional acreage was added to CIGOL's

Latest equipment and methods assist in maintaining customer service at highest levels in the industry.

A CIGOL geologist examines a microfilm of a well bore survey. CIGOL participated in the successful completion of 13 oil wells and 15 gas wells in 1968.

Arctic Islands holdings and acreage has recently been acquired off the coast of Labrador. The company added 2,582,949 acres to total holdings in 1968.

Mineral prospects were obtained by the acquisition of 1,200 claims in the Uranium City area and by 384,000 acres in the Wollaston Lake area of Northern Saskatchewan, near reported uranium and silver/copper finds.

Exploration and development work was continued through 1968 at Parys Mountain on the Isle of Anglesey in North Wales. Exploration is now concentrated in the North zone, in copper mineralization, with two drills operating. Results to date are encouraging and a large ore body is in evidence, together with some favourable assays.

An oil discovery was made on lands in which CIGOL holds a 50% interest in the Glenevis-Cherhill area of Central Alberta and, as the company has substantial acreage in this vicinity, the discovery could be of significance. A gas discovery was made on CIGOL lands in the Bassano area of Southeastern Alberta and additional drilling will be done in this area in 1969. CIGOL participated in the drilling of 68 wells during 1968, 13 of which are oil wells and 15 are gas wells.

The first well to be drilled by Pan Arctic Oil Ltd. will be on lands in which CIGOL and affiliated companies hold approximately a 16% interest. The results of this project could be of considerable importance to CIGOL as the company holds an interest in land near the drilling location which is not committed to Pan Arctic Oil Ltd.

Continued exploration and development by companies operating in the North Sea has enhanced CIGOL's holdings in that area and, with its partners, the company plans to drill two wells in 1969. Drilling is expected to commence on one of these locations in the latter part of March.

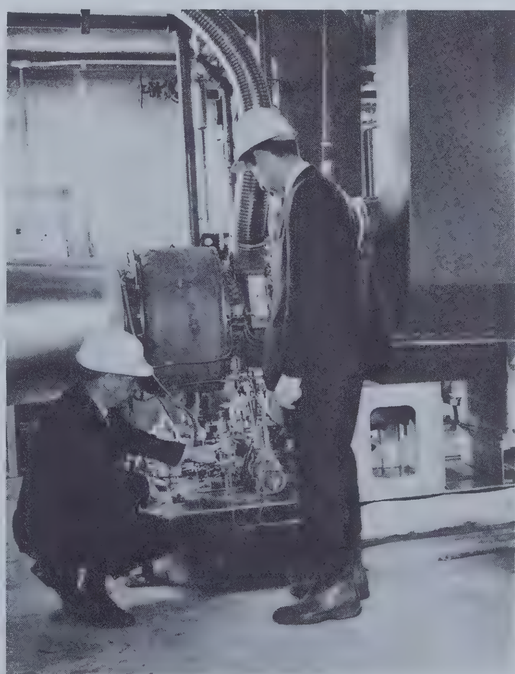
The prospects for Canadian Industrial Gas & Oil Ltd. are good for 1969 and it is expected that the company will continue to produce and sell more oil, gas and gas liquids. The 1969 capital budget is $12,500,000 and, of this, $7,800,000 is scheduled for oil, gas and mineral exploration and acquisition.

Weather

The weather in 1968 across the service areas of the utility systems of Northern and Central varied but, in general, was slightly colder than the ten-year average but was warmer than in 1967. Winnipeg was 1% warmer than the average, and 6% warmer than 1967, while Ontario and Quebec were slightly colder than average but still warmer than the previous year. This again draws attention to the equalizing advantages of a service area extending 1,500 miles from East to West.

Employees

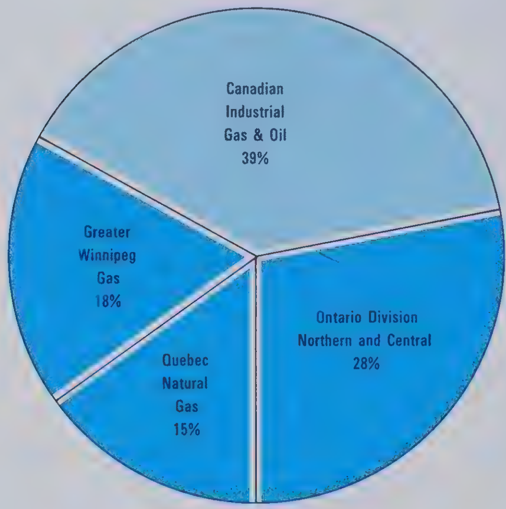
Northern and Central, together with its subsidiaries, employed 2,547 people at year-end in 1968, compared to 2,692 in 1967. Contract negotiations were concluded with several labour unions during the year and several other contracts are due for negotiation in 1969.



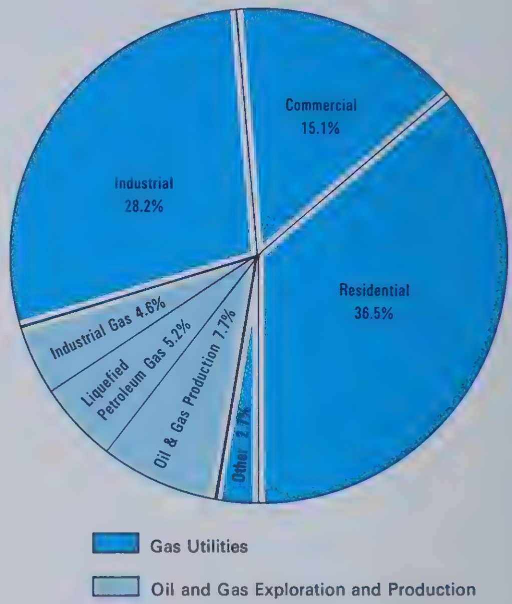
Installation of a 2,250 H.P. gas turbine compressor by Greater Winnipeg Gas in 1968 increased peak-shaving capacity by 75 percent and made possible major economies in cost of gas.

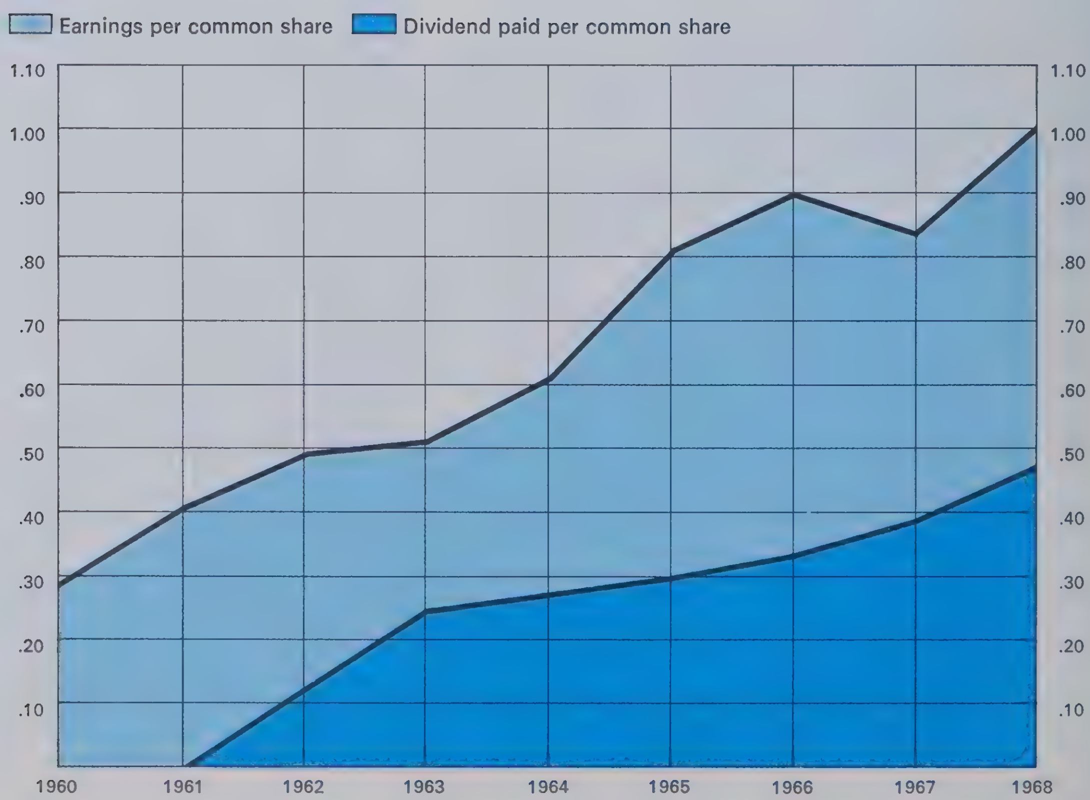
Statistical Charts and Graph

CONTRIBUTION TO NET INCOME



OPERATING REVENUES





Consolidated Statements of Income and Retained Earnings

for the year ended December 31, 1968 (thousands of dollars)

	1968	1967
Revenues	$136,931	$125,860
Costs and Expenses		
Operations and maintenance	88,399	84,068
Depreciation and depletion	11,216	10,399
Taxes, other than income taxes	3,914	3,295
Interest	14,856	12,236
Provision for income taxes (Note 9)	1,025	1,298
	119,410	111,296
Income before minority interests	17,521	14,564
Provision for minority interests in subsidiaries		
Preference share dividends	1,157	1,288
Common share earnings	1,986	2,083
	3,143	3,371
Net Income	$ 14,378	$ 11,193

Retained Earnings at Beginning of Year	$ 15,056	$ 10,312
Net income	14,378	11,193
Other items, net (Note 8)	5,732	(780)
	35,166	20,725
Dividends		
Preference shares	2,816	1,238
Common shares	5,435	4,431
	8,251	5,669
Retained Earnings at End of Year (Note 8)	$ 26,915	$ 15,056

Consolidated Balance Sheet

as at December 31, 1968 (thousands of dollars)

ASSETS

	1968	1967
Current Assets		
Cash and short-term deposits	$ 4,500	$ 2,850
Accounts receivable	22,281	19,227
Unbilled gas sales (Note 2)	4,269	4,533
Inventories, at the lower of cost or net realizable value	5,988	6,669
Prepayments, advances and deposits	4,867	1,777
	41,905	35,056
Investments (Note 3)		
Mortgages	9,076	5,542
Fifty percent owned companies—shares and advances	774	896
Other companies—shares and advances	2,690	2,769
Other	1,027	912
	13,567	10,119
Property, Plant and Equipment, at cost (Note 4)	422,163	375,434
Accumulated depreciation and depletion	74,697	66,496
	347,466	308,938
Deferred Charges, at amortized cost (Note 5)	13,716	13,263
Premiums Incurred on the Acquisition of Subsidiary Companies, at amortized cost (Note 1)	38,079	36,971
	$454,733	$404,347

Signed on behalf of the Board:

Edmund C. Bovey, Director

C. Spencer Clark, Director

		1968	1967
LIABILITIES			
Current Liabilities			
Bank indebtedness		$ —	$ 6,418
Accounts, payable and accrued		25,931	20,349
Income and other taxes		223	798
Current maturities on long-term debt		9,961	9,146
Other		541	630
		36,656	37,341
Long-Term Debt		248,165	215,160
Minority Interests in Subsidiary Companies (Note 6)		36,849	30,943
Total Liabilities		321,670	283,444
CONTRIBUTIONS IN AID OF CONSTRUCTION		1,860	1,705
SHAREHOLDERS' EQUITY			
Capital Stock			
Authorized			
591,800	First preference shares with a par value of $50 each, issuable in series		
1,983,800	Second preference shares with a par value of $25 each, issuable in series		
30,004,925	Common shares without par value		
Issued (Note 7)			
	First preference shares		
150,400	$2.60 cumulative first series	7,520	7,816
41,192	$2.70 cumulative second series	2,060	2,150
	Second preference shares		
300,600	$1.06 cumulative convertible series A	7,515	7,716
1,319,975	$1.50 cumulative convertible series B	32,999	33,000
11,494,345	Common shares	54,194	53,460
Retained Earnings (Note 8)		26,915	15,056
		131,203	119,198
		$454,733	$404,347

Consolidated Statement of Source and Application of Funds

for the year ended December 31, 1968 (thousands of dollars)

	1968			1967
	Gas utilities	Oil and gas exploration and production	Total	Total
Earnings Retained in the Business				
Income before minority interests	$ 10,852	$ 6,669	$ 17,521	$ 14,564
Costs and expenses not requiring funds (depreciation, depletion, amortization, etc.)	8,268	4,166	12,434	11,309
	19,120	10,835	29,955	25,873
Less: Dividends on preference shares	(3,769)	(204)	(3,973)	(2,526)
Dividends on common shares	(5,435)	—	(5,435)	(4,431)
	9,916	10,631	20,547	18,916
Add Financing and Acquisitions				
Issue of funded debt	25,000	—	25,000	31,983
Issue of preference shares	—	—	—	35,150
Issue of common shares	657	973	1,630	1,855
Increase in bank loans	19,155	—	19,155	11,894
Proceeds from sale of shares in subsidiary company	10,637	—	10,637	—
	55,449	973	56,422	80,882
Less: Retirement of funded debt	(7,232)	(3,844)	(11,076)	(8,806)
Financing expenses	(788)	—	(788)	(3,466)
Acquisition of shares of subsidiary companies	(2,754)	—	(2,754)	(37,153)
	44,675	(2,871)	41,804	31,457
Less Other Items				
Increase in working capital	4,790	2,744	7,534	3,059
Increase in mortgages receivable	3,609	—	3,609	1,835
Other — net	1,552	(639)	913	302
	9,951	2,105	12,056	5,196
Net Funds Applied to Property, Plant and Equipment	$ 44,640	$ 5,655	$ 50,295	$ 45,177

Consolidated Statement of Long-Term Debt

as at December 31, 1968 (thousands of dollars)

	Year of maturity	Due within one year	1968	1967
Funded Debt				
Northern and Central Gas Corporation Limited				
First Mortgage and Collateral Trust Bonds				
6% Series	1978	$ 345	$ 4,371	$ 4,687
5½% Series	1978	255	3,231 (a)	3,464 (a)
5¾% Series	1982	250	3,875	4,100
5¾% Series	1983	225	5,100	5,325
6½% Series	1986	450	11,550	12,000
8% Series	1989	—	25,000	—
6% Notes	1975	140	1,440 (a)	1,580 (a)
6% Subordinated Notes	1987	—	6,500 (a)	6,500 (a)
5¾% Subordinated Debentures	1982	250	7,000	7,250
6% Subordinated Debentures	1982	217	6,387	6,602
6% Subordinated Sinking Fund Debentures	1985	235	3,995	4,230
6½% Subordinated Sinking Fund Debentures	1988	687	24,313	25,000
Greater Winnipeg Gas Company				
First Mortgage Bonds				
5¾% Series A	1978	163	5,363	5,525
6% Series B	1981	125	4,500	4,625
6% Series C	1982	125	4,625	4,750
5¾% Series D	1984	162	6,337	6,500
6% Debentures	1979	75	1,975	2,050
5½% Subordinated Debentures	1980	125	1,650	1,695
Quebec Natural Gas Corporation				
First Mortgage Bonds				
6% Series	1980	620	10,109	10,729
5½% Series	1980	404	6,597 (a)	7,001 (a)
6% Series	1987	235	7,438	7,688
5½% Series	1987	120	3,640 (a)	3,760 (a)
6% Series	1988	135	4,225	4,365
7% Series	1990	180	6,000	6,000
General Mortgage Bonds				
6¼% Series B	1969	750	750	1,500
6% Series G	1988	250	9,750	10,000
6% Series I	1989	63	2,500	2,500
5¾% Subordinated Debentures	1985	500	18,500	19,000
Canadian Industrial Gas & Oil Ltd.				
5⅞% First Mortgage Sinking Fund Bonds	1983	650	10,675 (a)	11,000 (a)
6% Notes	1971	84	132	236
Premium on U.S. funds		89	1,899	2,055
Demand Bank Loans				
Northern and Central Gas Corporation Limited		—	42,650 (c)	10,495 (b)
Canadian Industrial Gas & Oil Ltd. (secured by producing properties)		1,992	5,700	8,633
Quebec Natural Gas Corporation		—	—	13,000
Other	1984	60	349	461
		$9,961	258,126	224,306
Current Maturities on Long-Term Debt			9,961	9,146
			$248,165	$215,160

NOTES: (a) Stated in U.S. funds.
(b) Repaid out of proceeds of 1968 funded debt issue.
(c) The Company proposes to repay these demand loans out of the proceeds of long-term financing.
(d) Long-term debt maturities and sinking fund requirements for each of the four years subsequent to 1969 are as follows:
1970 — $8,500,000 1971 — $8,400,000 1972 — $9,700,000 1973 — $8,800,000

Notes to the Consolidated Financial Statements

for the year ended December 31, 1968

1. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all its subsidiaries. The following table shows the principal subsidiaries, their contribution to consolidated net income and the percentage ownership of common shares held by the Company at year-end.

	1968		1967	
Gas utilities				
Greater Winnipeg Gas Company	$2,758,000	99.3%	$3,033,000	99.1%
Quebec Natural Gas Corporation (from date of acquisition—March 23, 1967)	$2,326,000	69.9%	$ (576,000)	65.2%
Oil and gas exploration and production				
Canadian Industrial Gas & Oil Ltd.	$5,567,000	79.5%	$5,394,000	90.9%

The acquisitions of subsidiary companies resulting from share exchange offers (Canadian Industrial Gas & Oil Ltd. and Greater Winnipeg Gas Company) have been accounted for on the basis that the consideration attributed to the Company's common shares issued under the exchange offers was equal to the underlying book value of the subsidiaries' shares at dates of acquisition, and accordingly no premiums on acquisition have been recognized.

The acquisitions of subsidiary companies substantially for a cash consideration (including Quebec Natural Gas Corporation) have been accounted for as "purchases" with the resulting premiums on acquisition being amortized to retained earnings at rates approximating those used by such subsidiaries to depreciate their property, plant and equipment.

For comparative purposes, 1967 revenues, costs and expenses have been restated to include the operations of Quebec Natural Gas Corporation from January 1, with the provision for minority interests restated so as to exclude its net operating results prior to acquisition.

2. Unbilled Gas Sales

Unbilled gas deliveries are stated at selling price in respect of those utility companies which account for gas delivered but not billed.

3. Investments

Investments are stated at cost, plus the share of undistributed earnings since acquisition of fifty percent owned companies.

Investments in other companies includes 35% of the outstanding common shares of British Columbia Oil Lands Ltd. at a cost of $2,009,000 with an approximate quoted value of $4,000,000. Because of the percentage share interest held in this company the quoted value is not necessarily indicative of the amount that might be realized if this investment were sold.

4. Property, Plant and Equipment (in thousands of dollars)

	1968			1967
Description	Cost	Accumulated depreciation and depletion	Net	Net
Oil and gas production facilities				
Oil and gas properties and equipment	$ 70,810	$ 24,952	$ 45,858	$ 45,464
Pipelines and processing plants	10,992	5,769	5,223	4,865
Propane marketing equipment	9,403	1,841	7,562	7,376
Gas utility facilities				
Coke plant	16,541	8,603	7,938	7,789
Gas storage	8,609	625	7,984	3,825
Gas distribution	254,139	26,800	227,339	203,171
Rental equipment	29,959	2,985	26,974	18,387
General plant	15,026	3,122	11,904	12,437
Construction in progress	6,684	—	6,684	5,624
	$422,163	$74,697	$347,466	$308,938

Oil and gas properties include all expenditures related to the exploration of oil and gas reserves, whether or not productive, the costs of which are being depleted on the composite unit-of-production method based on total estimated recoverable oil and gas reserves.

Other oil and gas production facilities and the gas utility facilities are being depreciated over their estimated useful service lives.

It is anticipated that the companies will expend approximately $58,000,000 on capital projects during 1969, which it is proposed to finance from operating revenues, from the proceeds of long-term financing presently being negotiated, and from available lines of credit with chartered banks.

5. **Deferred Charges,** at amortized cost (in thousands of dollars)

Description	Basis or period of amortization	1968	1967
Long-term debt issue expense	Amortized over terms of applicable issue	$ 7,027	$ 6,695
Capital stock issue expense	24 years	2,625	2,714
Contributions to customers for conversion to natural gas	12½ years	2,205	2,811
Rate hearing expenses	5 years	482	552
Excess gas costs due to delay in construction of gas supply facilities	Period of gas supply contracts (10-20 years)	587	101
Preliminary engineering and other projects	Expensed, amortized, or capitalized on completion	790	390
		$13,716	$13,263

6. **Minority Interests in Subsidiary Companies** (in thousands of dollars)

Applicable to	1968	1967
Preference shares	$21,031	$21,495
Common share equity	15,818	9,448
	$36,849	$30,943

Canadian Industrial Gas & Oil Ltd. and Quebec Natural Gas Corporation may be required, upon the conversion of preference shares and the exercise of options and warrants outstanding, to issue up to 404,634 and 363,890 additional common shares respectively, representing 7.4% and 10.2% of these companies' common shares presently issued.

7. **Capital Stock**

Changes in the Company's issued capital during 1968 were as follows (in thousands of dollars)

	Common shares		First preference shares — First series		First preference shares — Second series		Second preference shares — Series A		Second preference shares — Series B	
	Number	Amount	Number	Par value	Number	Par value	Number	Par value	Number	Par value
December 31, 1967	11,430,586	$53,460	156,325	$7,816	42,992	$2,150	308,650	$7,716	1,320,000	$33,000
Issued for cash										
Employees' share purchase plan	4,350	47								
Incentive stock option plan	33,100	414								
Warrants	21,384	196								
Converted	4,925	77					(3,050)	(76)	(25)	(1)
Redeemed			(5,925)	(296)	(1,800)	(90)	(5,000)	(125)		
December 31, 1968	11,494,345	$54,194	150,400	$7,520	41,192	$2,060	300,600	$7,515	1,319,975	$32,999

The first preference shares, first and second series, are currently redeemable at $52.50 and $51.50 per share respectively and do not presently have voting rights.

The second preference shares, series A (redeemable at $27.50 per share) and series B (redeemable at $26.50 per share after 1975) have voting rights and are convertible into an aggregate of 2,856,915 common shares.

7. Capital Stock (continued)

Unissued common shares are reserved as follows:

29,533	Under the employees' share purchase plan, of which 3,295 shares are being subscribed for at prices ranging from $9.34 to $15.90 per share.
2,307	For the exercise of warrants at prices increasing from $8.25 to $15.00 per share and expiring in 1978.
800,150	For the exercise of warrants at $14.00 per share and expiring in 1977.
575,900	For the exercise of options which have, or may be, granted to officers or employees under the incentive stock option plan. At December 31, 1968 options were outstanding to purchase 536,400 shares for an aggregate consideration of $7,598,000. These options were originally granted exercisable at varying prices from $11.875 to $16.00 and expiring at varying dates to 1973. During 1968, the directors provided for certain amendments to the options then outstanding, which do not become effective until approved by the shareholders and which include provisions setting the per share exercise price and the expiry date for all such options at $11.875 and 1973 respectively. Since December 31, 1968 options have been granted to purchase 33,000 common shares exercisable at $16.50 per share and expiring in 1974.
1,407,890	

8. Retained Earnings and Dividend Restrictions

Other items credited or (charged) to retained earnings consist of the following (in thousands of dollars):

	1968	1967
Excess of proceeds from sale of common shares of Canadian Industrial Gas & Oil Ltd. over their book value at date of sale	$ 6,594	$ —
Adjustment of Company's equity in Canadian Industrial Gas & Oil Ltd. resulting from the issue by that company of additional common shares	361	—
Amortization of premiums incurred on the acquisition of shares of subsidiaries (Note 1)	(927)	(494)
Acquisition expenses of subsidiaries acquired through share exchange offers	—	(175)
Amalgamation costs	(135)	—
Adjustment of prior years' income taxes	(104)	—
Other	(57)	(111)
	$ 5,732	$ (780)

Retained earnings in the amount of $7,800,000 at December 31, 1968 were available for the payment of dividends, in accordance with the dividend restrictions contained in the Deed of Trust and Mortgage securing the Company's First Mortgage and Collateral Trust Bonds.

9. Income Taxes

Gas Utilities

The companies claim for tax purposes capital cost allowances and certain other deductions in excess of the amounts reflected in the accounts, thereby reducing income taxes which would otherwise have been provided by $5,300,000 in 1968, $3,700,000 in 1967, and $21,400,000 in total to December 31, 1968. Since only the taxes currently payable are allowed or are to be claimed for regulatory purposes in setting consumer rates, the companies follow the taxes payable basis, which is considered appropriate in these circumstances by The Canadian Institute of Chartered Accountants, and make no provision for such reductions.

9. Income Taxes (continued)

Oil and Gas Exploration and Production

For income tax purposes the companies have claimed drilling, exploration and lease acquisition costs and capital cost allowances in amounts which, in the aggregate, exceed the related depletion and depreciation provisions reflected in their accounts. As a result no income taxes have been payable to date.

Commencing in 1968 the companies adopted the policy of providing for deferred income taxes at such time as taxes otherwise payable are deferred as a result of claiming capital cost allowances in excess of depreciation recorded. However, management does not believe that it is appropriate to provide for income taxes deferred as a result of claims for drilling, exploration and lease acquisition costs; while the view of management conforms with general practice in the oil and gas industry, it differs from the tax allocation basis of accounting recommended in these circumstances by The Canadian Institute of Chartered Accountants.

On the foregoing basis, no deferred tax provision has been required for 1968. If the tax allocation basis had been followed for all timing differences between taxable income and reported income, deferred income tax provisions would have been $2,250,000 in 1968, $2,150,000 in 1967, and $11,500,000 in total to December 31, 1968.

Net Income

Net income of the Company and its subsidiaries, after adjustment to the tax allocation basis in respect of oil and gas exploration and production operations, less applicable minority interests, would have been $12,401,000 in 1968 and $9,307,000 in 1967.

10. Contingent Liability

A suit for rentals of $120,000 per annum from November 27, 1959, plus interest, has been filed by the National Harbours Board against Quebec Natural Gas Corporation. The amount claimed is being contested, and a reasonable provision for such rental has been made in the accounts.

11. Statutory Information

The remuneration of directors and senior officers of the Company aggregated $580,000 in 1968 and $526,000 in 1967.

Auditors' Report

To the Shareholders
Northern and Central Gas Corporation Limited

We have examined the consolidated balance sheet of Northern and Central Gas Corporation Limited and its subsidiaries as at December 31, 1968 and the consolidated statements of income, retained earnings, long-term debt and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
February 3, 1969.

Riddell, Stead, Graham & Hutchison
Chartered Accountants

Northern and Central
Gas Corporation Limited
4600 Toronto-Dominion Centre, Toronto 1, Ontario

Operating Companies:

Alberta

Canadian Industrial Gas & Oil Ltd.
640 Eighth Avenue, S.W., Calgary 2.

Manitoba

Greater Winnipeg Gas Company
265 Notre Dame Avenue, Winnipeg 2.

Ontario

Ontario Division, Northern and Central Gas Corporation Limited
4600 Toronto-Dominion Centre, Toronto 1.

Champion Pipe Line Corporation Limited
4600 Toronto-Dominion Centre, Toronto 1.

Quebec

Gaz du Québec, Inc.
710 Place d'Youville, Québec.

Quebec Natural Gas Corporation
1717 du Havre St., Montreal 134.

Le Gaz Provincial du Nord de Québec Ltée
9 est rue Perreault, Rouyn.

Transfer Agents

First Preference Shares, First Series
First Preference Shares, Second Series
Montreal Trust Company
Montreal, Que. • Toronto, Ont.
Winnipeg, Man. • Calgary, Alta.
Vancouver, B.C.

Second Preference Shares, Series A
Second Preference Shares, Series B
National Trust Company, Limited
Montreal, Que. • Toronto, Ont.
Winnipeg, Man. • Calgary, Alta.
Vancouver, B.C.

First and Second Preference Shares Listed on Toronto and Vancouver Stock Exchanges

Common Shares
National Trust Company, Limited
Montreal, Que. • Toronto, Ont.
Calgary, Alta. • Vancouver, B.C.

Montreal Trust Company
Winnipeg, Man.

Chemical Bank
New York, N.Y., U.S.A.

Common Shares Listed on Toronto, Montreal, Winnipeg and Vancouver Stock Exchanges

Printed in Canada on Paragon Offset Brilliant

Nine Year Statistical Comparison

(NOTE 1)

NOTES: (1) Included are figures for the full year in which control was acquired and each succeeding year thereafter of subsidiary companies acquired during the period. The principal subsidiaries and year of acquisition are as follows:

Lakeland Natural Gas Limited	1965
Greater Winnipeg Gas Company	1965
Canadian Industrial Gas & Oil Ltd.	1966
Quebec Natural Gas Corporation	1967

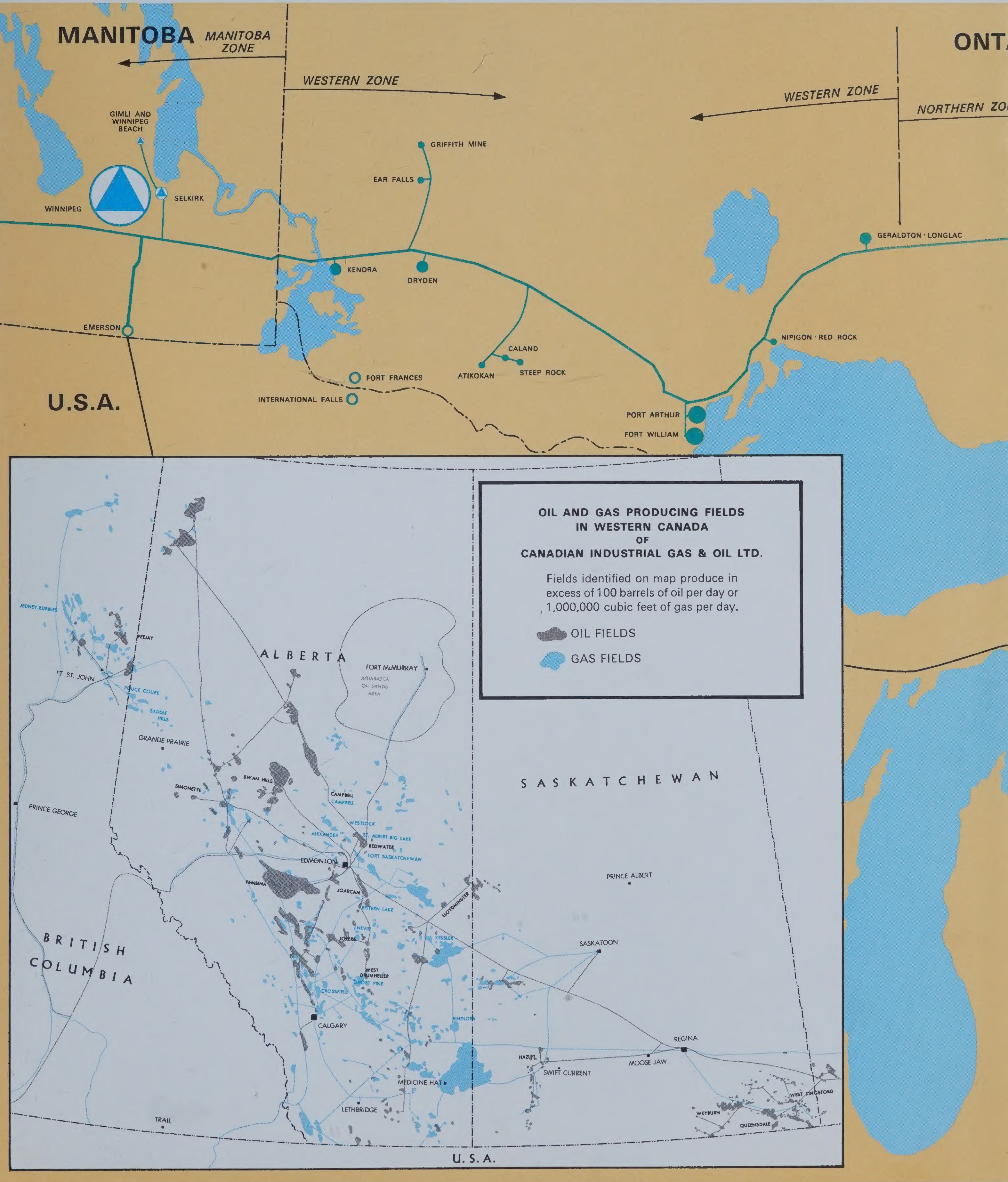
(2) Represents oil and gas production, industrial gas and liquefied petroleum gas sales of Canadian Industrial Gas & Oil Ltd.

(3) Restated to give effect to a 2 for 1 split of common shares in 1966.

INCOME (Thousands of Dollars)	1968	1967	1966	1965	1964	1963	1962	1961	1960
Operating Revenues									
Gas sales									
Industrial firm	$ 22,784	20,238	11,767	9,848	6,291	5,424	4,681	4,472	3,828
Industrial, subject to curtailment	15,242	12,298	9,081	9,093	6,325	6,048	5,997	5,274	5,403
Commercial	20,308	18,417	11,798	10,463	3,592	3,176	2,660	2,125	1,555
Residential	49,261	45,583	23,469	21,407	7,755	6,656	5,372	3,912	2,401
Resale	—	3,586		—	—	—	—	—	—
Other	3,675	2,943	1,670	1,369	450	306	130	54	8
Production sales (Note 2)	23,559	21,268	19,528	—	—	—	—	—	—
Total Operating Revenue	$ 134,829	124,333	77,313	52,180	24,413	21,610	18,840	15,837	13,195
Operating Expenses and Taxes									
Gas purchased	$ 59,994	55,971	33,024	29,930	16,028	14,024	12,556	10,635	9,414
Operations and maintenance	28,405	28,232	17,646	6,666	2,652	2,524	2,074	1,864	1,088
Depreciation and depletion	11,216	10,188	6,408	2,880	1,091	946	713	430	361
Taxes, other than income	3,914	3,295	1,337	1,180	341	278	259	230	216
Taxes, income	1,025	1,289	1,443	1,089	9	8	8	8	9
Total Operating Expenses	$ 104,554	98,975	59,858	41,745	20,121	17,780	15,610	13,167	11,088
Operating Income	$ 30,275	25,358	17,455	10,435	4,292	3,830	3,230	2,670	2,107
Other Income	2,102	1,445	845	453	97	113	178	221	170
Total Operating and Other Income	$ 32,377	26,803	18,300	10,888	4,389	3,943	3,408	2,891	2,277
Interest and Other Deductions									
Interest	$ 14,325	11,737	5,962	4,339	2,163	2,086	1,723	1,536	1,375
Amortization of debt and capital stock issue expense	531	425	222	203	135	128	99	69	38
Provision for minority interest	3,143	2,123	1,238	294	16	15	19	43	26
Other	—	77	117	68	52	153	90	—	—
Total Interest and Other Deductions	$ 17,999	14,362	7,539	4,904	2,366	2,382	1,931	1,648	1,439
NET INCOME (Note 1)	$ 14,378	12,441	10,761	5,984	2,023	1,561	1,477	1,243	838
EARNINGS AND DIVIDENDS (Note 3)									
Dividend requirements on preference shares	$ 2,816,078	2,838,926	760,399	760,400	113,557	120,000	120,000	120,000	90,000
Earnings available for common shares	$11,561,609	9,601,830	10,000,527	5,223,192	1,909,620	1,441,088	1,356,673	1,123,164	747,720
Common shares outstanding at year-end	11,494,345	11,430,586	11,126,604	6,424,756	3,097,882	2,815,102	2,768,502	2,743,842	2,592,312
Earnings per common share	$ 1.01	.84	.90	.81	.62	.51	.49	.41	.29
Cash dividends paid on common shares	$ 5,434,983	4,431,394	3,020,920	988,763	822,097	698,399	346,029	—	—
Cash dividend per common share	$ .475	.39	.3375	.30	.275	.25	.125	—	—
SYSTEM DATA									
Miles of pipe at year-end—distribution and transmission	4,837	4,442	2,959	2,388	1,001	968	931	749	703
Expenditures for plant additions (000's)	$ 50,295	46,709	27,485	11,815	3,929	4,243	7,977	4,912	4,761
Active utility customers at year-end									
Industrial	1,977	1,916	423	402	106	110	96	92	88
Commercial	24,705	23,651	12,853	11,998	4,221	3,860	3,277	2,755	2,277
Residential	366,233	360,279	149,025	136,567	48,607	44,651	39,052	29,539	19,810
Total	392,915	385,846	162,301	148,967	52,934	48,621	42,425	32,386	22,175
GAS DELIVERIES									
Gas sales—MCF									
Industrial firm	43,694,520	38,757,233	24,861,309	20,484,723	13,462,878	11,584,714	10,177,617	9,557,569	8,620,634
Industrial, subject to curtailment	42,028,400	33,664,700	25,455,022	25,290,613	17,229,234	16,507,127	16,584,077	14,713,547	14,761,365
Commercial	24,082,768	22,065,699	15,766,111	13,831,354	4,728,448	4,004,298	3,344,885	2,589,406	1,836,564
Residential	39,093,651	37,487,924	22,514,942	20,486,351	6,031,029	5,261,790	4,225,021	3,101,622	1,927,178
Resale	—	8,029,587	—	—	—	—	—	—	—
Total	148,899,339	140,005,143	88,597,384	80,093,041	41,451,589	37,357,929	34,331,600	29,962,144	27,145,741

Five year statistical information of individual companies is available upon request.

NORTHERN AND CENTRAL GAS CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

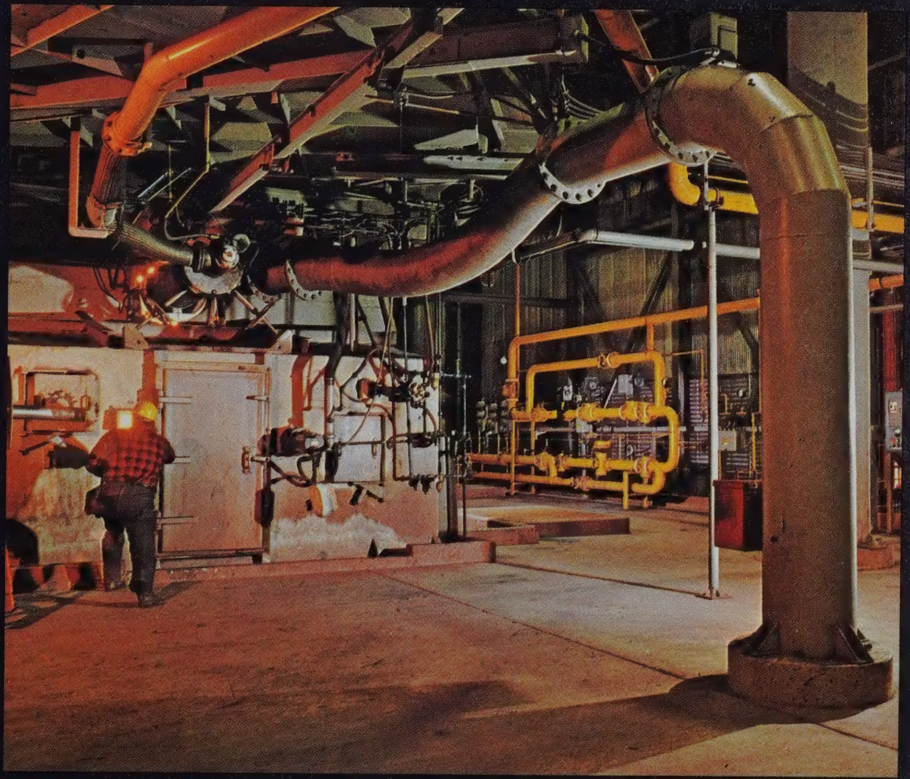


Scenes in the operation of a gas utility – a gas processing plant in Alberta, a new iron ore pelletizing plant in Northern Ontario, a home-service demonstration in Montreal, a new subdivision in Winnipeg, a university, manufacturing television tubes, a community recently added to the system, selling a new gas range – and a sink full of dishes with lots of hot water.








NORTHERN AND CENTRAL GAS CORPORATION LIMITED

4600 Toronto-Dominion Centre, Toronto 1, Canada

1968